

ORIGINAL



MEMORANDUM

TO: Docket Control Arizona Corporation Commission **RECEIVED**
DOCKETED **AZ CORP COMMISSION**
FROM: Thomas M. Broderick **DOCKET CONTROL**
Director
Utilities Division JUL 26 2016 2016 JUL 26 PM 2 17
DATE: July 26, 2015 **DOCKETED BY**

RE: ARIZONA WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NOS. W-01445A-05-0700 AND WS-01775A-05-0700)

In Decision No. 68654, dated April 12, 2006, the Arizona Corporation Commission ("ACC" or "Commission") approved the joint application of Francisco Grande Utility Company ("Francisco Grande") and Arizona Water Company ("Arizona Water" or "Company") for transfer of a portion of Francisco Grande's Certificate of Convenience and Necessity ("CC&N") to Arizona Water. Specifically, Decision No. 68654, ordered that the Company file:

- a) "... copies of the Arizona Department of Environmental Quality's Approval to Construct for facilities needed to serve the requested transfer areas within two years of the effective date of the Decision in this Order."
- b) "... a copy of the fully executed main extension agreements for water facilities for the requested transfer areas within two years of the effective date of the Decision in this Order."
- c) "... a copy of the developer's Certificate of Assured Water Supply for the requested transfer areas where applicable or when required by statute, within two years of the effective date of the Decision in this Order."

Based on the two year timeframe, the original due date for these compliance items was on or about April 12, 2008. On December 9, 2011, the Company provided the required Arizona Department of Environmental Quality's Approval to Construct facilities ("ATC"), therefore, leaving the Main Extension Agreement ("MXA") and Certificate of Assured Water Supply ("CAWS") filings as the only pending compliance requirements. The Company has received multiple extensions of time in this matter, via formal Commission Decision Nos. 70450, 71688, 73517 and 74782. Decision No. 74782, dated October 24, 2014, is the most current decision and extended the due date on the above items until April 12, 2016.

On January 12, 2016, Arizona Water Company docketed a subsequent request for extension of time, until April 12, 2018 or later, for the provision of the remaining MXA and CAWS filings. The application argues first that the extension request is the result of the downturn in real estate marketplace and second that, without the CC&N in place, the CAWS cannot be applied for due to Arizona Department of Environmental Quality restrictions:

"The deep recession and real estate crash over the past several years (essentially the entire time that the Decision has been in effect) are extraordinary circumstances which have not been seen since the Great Depression. The severe economic downturn that has battered the Arizona real estate market persists, and continues to delay the development of residential and mixed-use development in Arizona, including Pinal County."

"Additionally, absent an extension, the owners of the subject parcels will not be able to apply for a CAWS if Arizona Waters CCN is deleted because the Arizona Department of Water Resources places a condition on any application for A CAWS that it be located in a CCN or have an application for a CCN pending at the time of such CAWS application."

The application for extension of time also included an updated request for service letter from one of the five ownership interests associated with the extension area. Arizona Water states that such service letters formally document the owners need for service and their plan for development. The Company promised to provide the additional letters as soon as they were received from the property owners.

One May 3, 2016, the Company docketed a supplement to its original request for extension of time for the above compliance items. The filing was dedicated to the provision of the remaining four service letters from the property owners in the extension area. The Company stated that "one hundred percent of the owners of property in the extension area have now submitted, in writing, their request for water service from Arizona Water".

Based on the application and all of the above, Staff does not object to the Company request for an extension of time in this matter. In addition, Staff considered a longer extension period based on recent 10 year extension periods that were approved by the Commission. The Company confirmed that it was their intention to seek the longer extension period as has been recently approved in other dockets. Staff therefore recommends that the due date for the provision of the required MXA and CAWS be extended until to April 12, 2026.

TMB:BKB:clr/RRM

Originator: Brian K. Bozzo

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DOCKET NOS. W-01445A-05-0700 AND WS-01775A-05-0700

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